

**Before the  
Federal Communications Commission  
Washington, D.C. 20554**

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In the Matter of	)	
	)	
Jurisdictional Separations Reform and	)	CC Docket No. 80-286
Referral to the Federal-State Joint Board	)	
	)	
Communications Assistance for Law	)	ET Docket No. 04-295
Enforcement Act	)	

**REPLY COMMENTS OF VERIZON<sup>1</sup>**

Numerous commenters agree that there is no need to disturb the current treatment of CALEA costs under the existing separations freeze. Like Verizon, these carriers have been allocating CALEA-related costs pursuant to existing Part 36 rules under the current freeze in the same manner as with other central office equipment and software.<sup>2</sup> This method adequately addresses CALEA-related costs for separations purposes.

The creation of a separate CALEA-specific category, or other changes to the way CALEA costs are treated under the freeze, is not needed and would undermine the goals of the freeze by reintroducing costs and instability to the separations process. This is because the creation of a CALEA-specific category would require ILECs to engage in burdensome cost studies and dedicate other resources to track and allocate CALEA-related costs. The freeze was

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<sup>1</sup> The Verizon telephone companies ("Verizon") are the local exchange carriers affiliated with Verizon Communications Inc. identified in the list attached as Attachment A hereto.

<sup>2</sup> See JSI Comments at 5, BellSouth Comments at 2; SBC Comments at 3; Qwest Comments at 3; ACRS 2000 Comments at 3.

intended to eliminate these burdens and has been effective in reducing costs.<sup>3</sup> There is no reason to reimpose these costs on incumbent carriers solely for CALEA purposes. Moreover, because CALEA issues relating to broadband and internet technologies are still under consideration and are as yet largely unknown, it makes no sense to attempt to categorize them today under an increasingly obsolete separations process. See Verizon Comments at 4-5; SBC Comments at 4.

Some commenters suggest that CALEA costs should be directly assigned to the interstate jurisdiction because it is a federal mandate and that direct assignment would not impact the freeze. See, e.g., GVNW Comments at 9; TCA Comments at 3. Direct assignment of CALEA expenses, however, would squarely conflict with the goals of the freeze. Price cap carriers have frozen category relationships and if costs were directly assigned differently than they were in 2000, those category relationships would be upset. In addition, direct assignment would require changes to Part 36, which currently limits the allowable categories for direct assignment of such costs. See ACRS 2000 Comments at 4. Finally, while some parties argue that direct assignment is less burdensome than using cost factors, it would still require carriers to separate and identify the CALEA-related costs from the cost of the equipment or upgrade. The burden associated with this task is the reason one carrier has argued that the cost of the entire upgrade itself should be deemed a CALEA-related expense. See SEI Comments at 2-3. Because these costs are already

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<sup>3</sup> See, e.g., Verizon Comments at 3 (“creating a separate category for CALEA compliance costs would require Verizon and other carriers to conduct time consuming cost studies and to measure usage of the service between jurisdictions”); SBC Comments at 5 (“SBC no longer maintains the study mechanisms necessary to capture new separations category assignments. Consequently, it would be costly and counter-productive to lift the separations freeze solely for CALEA services”); BellSouth Comments at 3 (“BellSouth estimates that it saves at least \$750,000 in annual loaded labor and system-related costs as a result of the current jurisdictional separations freeze”).

accounted for in the existing allocations, there is simply no need to impose this requirement on carriers.

What is of universal concern among commenters is the need to enable carriers to recover their costs related to CALEA compliance.<sup>4</sup> Attempting to do so as part of the separations process, however, does not make sense because of the costs associated with separations analysis and the instability that will result from disturbing the freeze. Rather than perpetuate a separations process that the Joint Board and Commission have recognized needs to be reformed, if not eliminated, by creating CALEA-specific categories, the Joint Board should instead recommend that the separations freeze be extended past its current June 2006 expiration, with the ultimate goal of eliminating jurisdictional separations altogether.<sup>5</sup>

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<sup>4</sup> See, e.g., SBC Comments at 4 (“SBC urges the Joint Board and Commission to ensure that the CALEA rules include a reasonable cost recovery mechanism”); SEI Comments at 2 (urging Joint Board to adopt rules in this proceeding that allow small carriers to recover the full cost of upgrading their facilities to comply with CALEA); GVNW Comments at 6 (“Carriers should be allowed to recover these costs through a cost-recovery mechanism”).

<sup>5</sup> See Verizon Comments at 6; BellSouth Comments at 2 (“The elimination of jurisdictional separations is the best way to both simplify complex requirements and to remove regulatory uncertainty”); SBC Comments at 3 (“SBC suggests before the Joint Board opines on separations requirements for CALEA services, it must first consider the regulatory necessity of the entire separations regime”).

### **Conclusion**

The Joint Board should recommend that the Commission make no changes to the current treatment of CALEA costs under the interim freeze, including any change to allow for direct assignment of such costs to the interstate jurisdiction. In addition, the Joint Board should recommend that the freeze be extended beyond its current expiration in June 2006.

Respectfully submitted,

Of Counsel:  
Michael E. Glover

A handwritten signature in dark ink, appearing to read 'Shakin', is written over a horizontal line.

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THE VERIZON TELEPHONE COMPANIES

The Verizon telephone companies are the local exchange carriers affiliated with Verizon Communications Inc. These are:

Contel of the South, Inc. d/b/a Verizon Mid-States  
GTE Southwest Incorporated d/b/a Verizon Southwest  
The Micronesian Telecommunications Corporation  
Verizon California Inc.  
Verizon Delaware Inc.  
Verizon Florida Inc.  
Verizon Hawaii Inc.  
Verizon Maryland Inc.  
Verizon New England Inc.  
Verizon New Jersey Inc.  
Verizon New York Inc.  
Verizon North Inc.  
Verizon Northwest Inc.  
Verizon Pennsylvania Inc.  
Verizon South Inc.  
Verizon Virginia Inc.  
Verizon Washington, DC Inc.  
Verizon West Coast Inc.  
Verizon West Virginia Inc.